Improve Your Creative Business... In A Week

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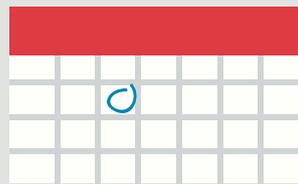
A systematic approach to creativity

When you're running a creative business, it can be tough getting the balance right between business time and creative time. As you focus on clients' requirements, client briefs and the innovation needed to make them reality, your focus on the running of your own business can begin to slip.

So, wouldn't it be great to have some quick, practical, easy-to-implement steps for improving your creative business?

In this book we're going to guide you through the process of reviewing, streamlining and enhancing your creative company. And we'll be covering a different topic on each day of the week – so in seven days you'll have the starting point for a brand new, improved Ver. 2.0 of your business.

Your week will cover:

1 **Monday:** Xero as the foundation for your business

2 **Tuesday:** Systemise part of your business

3 **Wednesday:** Budgeting is about making profit!

4 **Thursday:** Get some customer feedback

5 **Friday:** Agree your mission: write a clear proposal

6 **Saturday:** The four ways to improve your profit

7 **Sunday:** Improve your credit control and get paid

So, let's get started. It's Monday morning, you've had your flat white and it's time to power up the Mac and start changing the future of your creative business.

Xero as the foundation of your business

Keeping on top of your finances is crucial to the success of your creative business. And having a system that helps you easily maintain this overview of your numbers is equally vital. This is where Xero comes in.

Xero is beautiful accounting software. Yes, we know that 'accounting software' doesn't sound too revolutionary, but Xero is about so much more than just accounting. Xero is cloud-based software and it's an open platform that has the potential to become the central hub of your whole business.

Online, or cloud, accounting underpins all the other steps we'll be covering in this book, so it's important that you understand where online accounting really adds value.

So, what are the main benefits of using Xero?

- **Mobile** – Xero is designed to be mobile and work from any device. So wherever you are, you can see your numbers and do things like sending invoices, paying bills or checking your bank balance. You can run your finances from your iPhone, and this saves you a huge amount of time.

- **Instant information** – Xero gives you instant, real-time access to your numbers. So you're not looking at a management report from three months ago, you're looking at a totally current view of the business, as it is *right now*. And having that real-time view leads to better business decisions.

- **Flexible** – Xero is designed to be flexible and to give you the reporting and functionality you need. There are a host of plug-in Xero Add-ons that expand this flexibility even further. You can be paid by clients directly using debit/credit cards, chase your debtors automatically or magically scan your bills and expenses straight into Xero as data.

And why is Xero so suited to your creative business?

- **It's very visual** – Visual impact and usability has been central to Xero's ethos from day one. The user interface (UI) is simple, well laid out and shows you exactly what you need.

- **It looks good** – As a creative thinker, design and aesthetic appeal are important. And Xero looks great. The design and the uncluttered simplicity of the UI make everything clear.

- **It's easy to use** – Xero's simple dashboard and UI mean it's incredibly easy to use. You don't need to be an accountant or finance expert to get the most from it.

- **It's a great user experience** – The quality of the graphics, the simplicity of the layout and the streamlined nature of the functionality mean your experience of using Xero will be a good one. People end up loving it (and remember, this is accounting we're talking about!).

- **It works on any device** – Having software that works just as well on your iPhone as it does from your iPad or MacBook is a huge benefit. Xero works on all your devices and becomes central to your apps and systems. It only shows you the data, numbers and reports you need, keeping things simple and workable. So you can get on with being creative.

Are you beginning to see why we love Xero? If you'd like to find out more about how cloud accounting can transform your creative business, take a look at our Xero page at jonathanford.co.uk/xero

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2 Tuesday

Systemise part of your business

Making your creative business both efficient and scalable is about systemising what you do. Take an important area of your business and write a full system for it, including templates, checklists and scripts, and turn it into a more profitable service.

Most people who start up businesses aren't entrepreneurs, they're skilled technicians. This is an observation first made by Michael Gerber in his book *The E Myth* and it's extremely relevant for creative companies.

Most creative, design and production businesses are started because one or two people have a key creative skill to offer. But being a skilled craftsperson doesn't build a scalable business. You can't take the founders out of the business and still have a business – their skill *is* the company.

What an entrepreneur does is create an idea or a system that can be understood, replicated and used by others – that frees up the founder's time, makes the service repeatable by anyone on the team and makes the whole business scalable.

### So, how do you start systemising your creative business?

Find something to systemise
Every part of your business could and should be systemised. But for now, let's think about one part of your business that you can create a system for. This could be the process for taking a client brief, or it could be how you go about getting customer feedback from your clients. What's vital is that the process you choose is:

- Really important to how your business works
- Something that you want to improve or where there's an existing issue
- An area where a systematic approach will turn around the problem.

Write a systematic breakdown
One you've found the part of your business you want to systemise, you need to work through the current process. Write a systematic breakdown of how that process works within the business. Think about how you'd explain it to someone who knew nothing about the existing procedure.
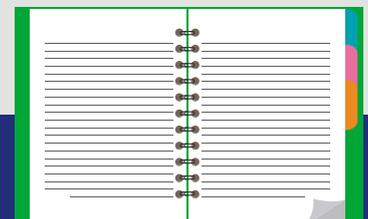
- What happens?
- What's the process?
- Who does what?
- Where are the docs and files kept?
- Who has access?
- What should the customer get as an end experience?
- What's the desired end result?

Thinking about this process is as important as actually writing it. The process of reviewing your procedure helps you to step back and see how it works. And considering each step and each element, you'll get a much better idea on what does and doesn't work well.

Educate your team on how this system works

So, you've written down the procedure. You now have an explanation or system that anyone can read and understand – and that means the steps needed to reach the end result are no longer trapped in your head, or the head of one person in the team.

This document is a how-to guide for the whole team. You've taken something integral to the business and systemised it. And it's this approach that makes this part of your business scalable.

It makes the process repeatable because:

- You can give the guide to anyone (including new recruits) to explain the process.
- It allows anyone to replicate the system, so people can provide holiday cover and help out in other areas.
- It allows *you* to step away from that area and focus on other parts of the business.

Plan ahead and improve your systems

Systemising your processes is nothing new. Fast food companies, like McDonald's, systemise every part of the process, delivery and customer experience. And what they end up with is a system for delivering the same burger in any store in the world, every time.

Having this systematic approach can really help you plan ahead. It allows you to sit down and think about *how* this works, both for you and for the customer. You can start scenario planning and think about potential questions you'll be asked, or potential hurdles and opportunities that the process suggests.

Scenario planning in this way has three very clear benefits:

- It allows you to predict possible client outcomes and behaviour.
- It allows you to plan for how you need to react to these outcomes.
- It gives you time to systemise a response so you have the right solution or answer ready to go.

So, for example, what happens if there's a delay to a project? Who tells the client? How do they communicate this? How might the client react and how do you respond to each of these possible scenarios. With a systemised process in place, there's an answer to all of these questions, ready and waiting to be put into action.

In the same way that you'll always get the same burger from Maccy D's, systemising your creative processes means your clients will always get the same quality and experience of your end product. It's about creating consistency in your service – and about making sure you have a happy client every time. After all, happy clients are the ones that come back and the ones that increase your revenues.

Budgeting is about making profit!

Budgeting can be perceived as dull and, at best, a necessary evil. Many creative businesses don't write a proper budget at all, or don't go into enough detail when they do. But if you get your budgeting right it actually helps you make more profit – and profit is what's going to help you grow.

Writing a proper budget is an incredibly good thing to do for the business. If you don't stop to think about the money you're spending, and the costs you're incurring, you're never going to have a tight grip on your profitability. Budgeting is about understanding your finances and making sure you can put your money where your mouth is.

Writing a good budget

There are two great reasons for writing a budget:

1 **Writing a budget highlights your costs** – The process of sitting down and writing a budget makes you stop and really analyse your business.

- It forces you to think about costs and where they're coming from.
- Gives you a great overview of the business and its overall financial health.
- Shows you exactly where money is being spent and how much.
- Makes you ask questions about *why* a certain cost is so high (or so low).
- The *process* of writing a budget is as important as the end result.

2 **A good budget allows you to carry out variance analysis** – A good budget imported into Xero lets you do some variance analysis. You can drill down into costs and put them into the right context to see where they vary from your planned expenditure.

- A single cost in isolation doesn't mean very much.
- You need context and you need something to compare that figure to.
- If you see that you spent £100 this month on postage, but only £10 on your budget then that *tells* you something – your costs have rocketed!
- So that means you can ask *why* the cost is so high. You can look at how things vary over time and compare them to other costs.
- Some costs are more predictable – costs for staff, rent or software etc. They're large costs, but likely to be in line with your budget.
- Others vary over time – and variance analysis lets you 'manage by exception'
- You can look for things that are different to what you expected.So, if postage is massively more than you budgeted for, you begin to ask why. Is someone stealing your stamps? Are you sending out more direct mail? Is there an error?

Understanding your costs creates more profit

In a nutshell, writing a budget and reviewing your spending is vital. It makes the ongoing costs in your business truly transparent – and by looking for variances and exceptions you can start tackling overspending and waste.

A good budget is a solid financial foundation for how you run the business. With your costs all laid out you can trade within the confines of that budget to make the best profit you possibly can.Crossing your fingers and hoping you'll have enough cash flow to trade, while also making a nice profit, just doesn't cut the mustard.

There's a great guide on writing a budget for creative projects here.

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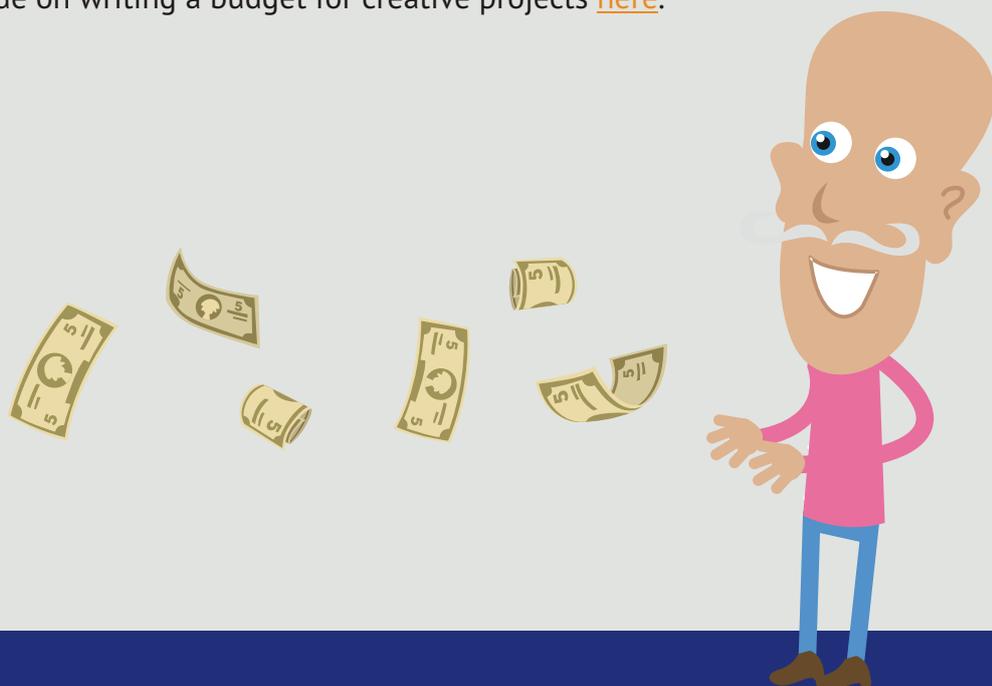
Get some customer feedback

Customer feedback is vital information for a creative business. Ultimately, what your clients think of your service is critical. If you deliver the right customer experience, clients will come back and will carry on paying your fees – and that can be the difference between whether you sink or swim.

Asking for feedback from clients can be a hugely beneficial process for the health of your business. This doesn't have to be a hi-tech process; it could be as simple as phoning a client at the end of a project for a download of their experiences.

But there are plenty of software solutions and Xero Add-ons available that can help to streamline your customer feedback. And that helps to create good processes and systemise your approach to giving a good customer experience.

Turning a negative into a positive

We all hate it when something goes wrong. But try to take a positive outlook from this negative situation. You can turn around negative feedback and bad customer experiences and turn them into a real positive for the business and the end client. And the main way to do this is to listen.

Why is listening to your client's feedback so valuable?

- People like to be listened to and they like to feel vindicated when something goes wrong.
- Listening to the client's issue makes them feel more valued as a customer.
- Crucially, it also shows that you're willing to take action to solve their issue.
- If you can solve the problem quickly, efficiently and in a pleasant way, your client's experience of the business can be turned from bad to good in a very easy way.

Ask your clients what they think – it will pay off

You don't have to wait for a client to offer their feedback. In fact, you should be proactively asking for it. As a business, you need to have processes in place to ask your clients what they think of you – and make sure you do it regularly, so this feedback is constantly being updated.

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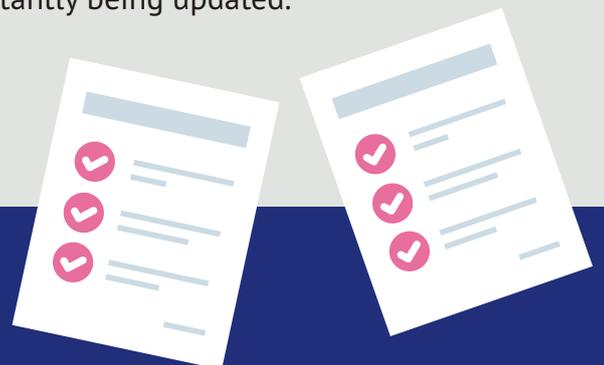
There are plenty of different ways to find out how well your clients feel you're delivering:

- Call the client at the end of a project and ask them for a download of their thoughts.
- Give the client a short questionnaire at the end of each project, asking them to comment on the specifics of what you delivered.
- Use an online survey site, like Survey Monkey, to poll your clients on a particular area of your service.
- Poll your clients online, or through a direct email, to find out whether there are services they'd like to see you add or changes they'd like to make to the business.
- Have regular conversations about whether you're delivering – and if not, why not. Remember you can turn a negative into a positive.

And make sure you act on this information. If you ask for feedback then you have to be seen to act on that feedback. Once you know about a problem, you have to solve that problem – clients will expect to see a resolution in place, so you've got to deliver on this.

Be open and transparent about customer feedback

Customer feedback can be a real goldmine of information. And if you're asking your clients what they think of your service, why not share it more widely? Having honest customer feedback available publically on your website can be very useful.

If a prospective client can see genuine customer comments on your site, or through your social media channels, that's a really good way to boost your marketing and create an open, transparent vibe for potential customers.

Having your customer feedback in the public domain:

- Raises the profile of your brand – and your brand is one of your biggest assets.
- Creates a good reputation for your brand and explains what it's like to do business with you.
- Gets you known for good customer service – which will get you more work.
- Helps with word-of-mouth and B2B referrals and recommendations – and these are still the best kind of advertising.

There's an additional bonus to acting on an issue: clients can actually be *more* satisfied after you've solved a problem than they were prior to the problem occurring. So if you want to create real advocated for your brand, listening to clients and resolving their issues is an amazing place to start.

Agree your mission: write a clear proposal

You'll know the situation: you start on something that sounds like a small piece of work and before you know it you're on version 10 and the client is still expecting the same fee. This kind of 'mission creep' can have a real impact on a creative company's time, resourcing and revenues. Getting a great proposal sorted out early on, spelling out what you'll do and what the price will be, is crucial.

Mission creep can be a big issue for creative companies. You start a project with one job in mind and end up doing several jobs that weren't included in your initial brief. It can be insidious and can mean you spending far more time on a project than you intended. And somehow you're going to have to charge for that time, or end up making a loss on the project.

As with most things, prevention is better than a cure. So you need to get a proposal in place before you even start doing any fee-earning work. What's needed isa written agreement on the nature of the project, your remit for the work to be done and the specific tasks your fee will cover.

Define your mission

You can call it a mission statement, proposal, engagement letter or project brief. What's important is that it protects you from the danger of mission creep. And the important elements to include are fairly basic:

- Put something in writing that outlines your remit for the project work
- Clearly outline what you *will* and what you *won't* be doing on this project.
- Make it 100% clear what's in scope and what would be additional work.
- Make it very clear what each element will cost and the amount of the overall fee to the client.
- Outline the costs for any additional work that's outside this scope.
- Get the client to review the document and sign it off.

Get your client to agree on the mission

Builders and tradespeople are very good at quoting and giving a proposal that includes the scope of the work. You want an extension built? They'll tell you what their fee will cover and if you require more they will happily do it – but at a price.

The principal for creative businesses is no different. It's about being transparent about the work you do and the fees you're going to charge. What's important is that you talk about fees, scope and what's part of your remit from the very start.

And once you've got a proposal document, you need to get the client to agree on the mission and sign off the proposal. Then you know you're both singing from the same hymn sheet.

The written proposal doesn't have to be too formal:

- It could be a short email to the client outlining the work and asking for a reply in the affirmative.
- It could be one page in Word that you email to the client – and that they then say they agree to.
- It could be a full-blown, branded proposal, with all the legal bits and bobs included.
- You could even use a Xero Add-on like Quotient to send your quote and proposal online.

Whatever you use, you just need to make sure you've made your scope clear and your fees clear – and that the client is happy with all this. Then you know you're protected from the dreaded mission creep and will get paid for the work you do.
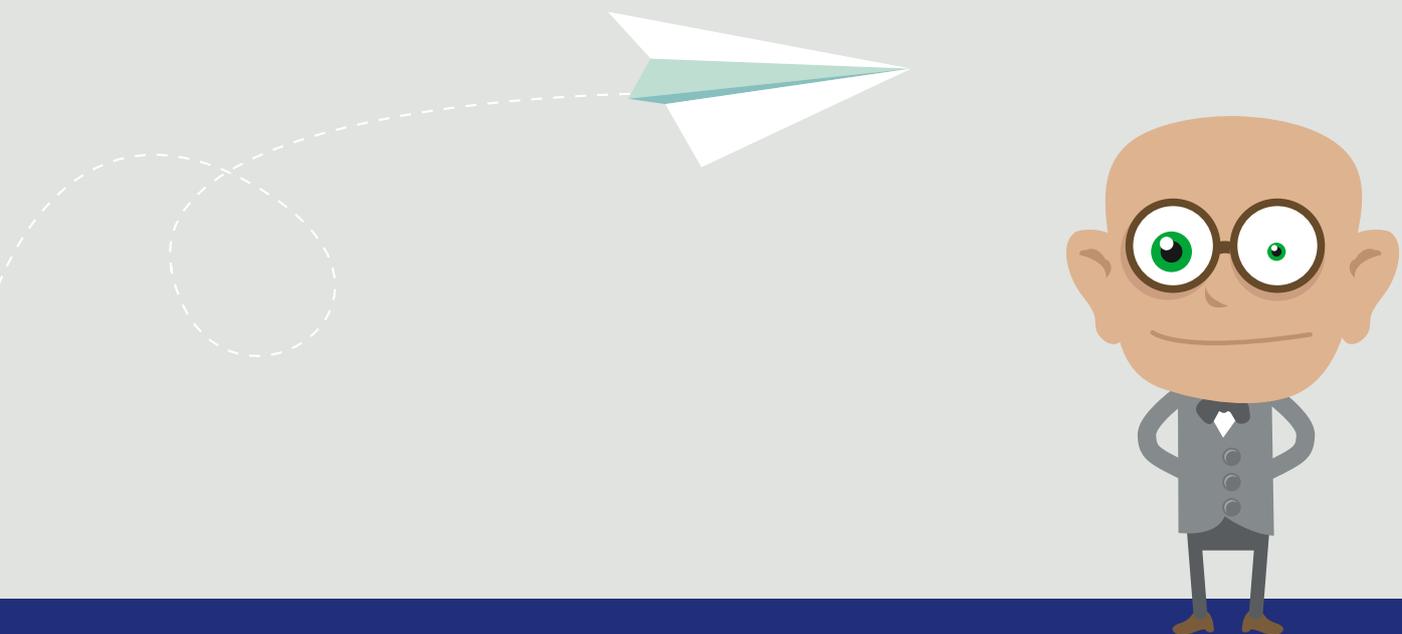
The four ways to improve your profit

Put in the most simple terms, profit = sales minus costs. So there are a limited number of ways you can improve that profit. The key to improving your revenues is to look at the available options, have a great understanding of how your creative business works, and to pick the one that'll give you the quickest 'easy win'.

Running a creative business is about delivering a quality service that meets the needs of your clients. But that business also has to make a profit. Without profit you don't have the income to fuel the company, pay the wages, grow your team or expand into new markets.

So any strategy that can increase your profit quickly and easily is going to have real value for the success of the business.

Ways to quickly improve your profit

There are only four ways to improve your profit:

1 **Get more clients**

2 **Sell more to your existing clients**

3 **Put up your prices**

4 **Cut your costs**

To improve your profit you *must* focus on one of these four areas – it's the only way you can affect the profitability of your enterprise. The trick is to work out which of these options will have the most impact on the profitability of your creative business – where can you focus most effectively *right now?*

1 Get more clients

To focus on getting more customers, you need to work on your sales, business development and marketing.

- Get more clients through referrals – talk to your existing clients and work their networks. Word of mouth and personal recommendations carry a lot of weight.
- Get more clients through advertising – in a digital world there are plenty of advertising channels to use: improve your website, run a targeted marketing campaign or advertise in creative industry media.
- Use social media to raise your profile – social media, like Twitter, are free and can be a highly effective way to increase awareness of your brand and build a following of potential customers.

② Sell more to your existing clients

To sell more to existing clients, you'll need to work on those business relationships, listen to your clients needs and make it easy to upsell.

- Create fixed-fee packages – wrapping up a number of services in a package gives you more control over fees. Regular, monthly fees will also improve your revenue pipeline.
- Make sure your clients are on the right package – think about the varying levels of service you deliver and make sure each client is on the optimum package.
- Talk to clients and upsell – building a long-term creative relationship with the client helps enormously. Talk to them and find out where you can add more value.
- Promote your additional services through marketing – use digital marketing and social media marketing to promote new services or push existing services to your client base.

③ Put up your prices

Putting up your prices is easy. But you also have to think about the impact this price rise could have – and decide which prices to increase.

- Increase your prices – a jump in price, where your costs remain the same, is a quick way to boost your margins.
- Improve your overall profit – boosting those margins, and pulling in higher fees will have a clear effect on the health of your profits. But there's a catch.
- Think about the impact of this increased price – existing customers may not take kindly to higher fees. And new customers may think twice if you're not looking attractive from a pricing perspective.
- Make sure the price rise is sustainable – think very carefully before raising your prices and make sure the end result won't be a dip in customers.

④ Cut your costs

As we've already highlighted, focusing on your budget and your costs can have a really positive impact on your profits. What's needed is a clear understanding of *where* you can cut costs and *how*.

- Work out a clear budget – the process of writing a budget will focus your thinking on costs in the business.
- Analyse and review your costs – think about your current costs and keep an eye on spending so you understand why you have this expenditure.
- Look at where cuts can be made – consider where you think cost-savings are possible.
- Spend less on overheads and costs – by reducing your costs, and maintaining your sales revenues, you're already having a positive impact on your end profit.

Choose a way to boost your profit

Because you're limited to the four areas of profit it can really help to focus and drive your thinking and conversations – it's totally comprehensive, so you know you're looking at the whole picture.

With the 'four ways to improve profit' structure in your head, it's much easier to analyse how the business works and see how you can change it to make more profit.

Improve your credit control and get paid

Good credit control is about making sure you get paid. And if you get paid quickly and regularly then your cash flow looks healthier and the business has the money it needs to grow. So making your invoicing, payment options and debtor processes as easy as possible can have a fantastic impact on your profits.

Lots of companies, particularly bigger ones, will process invoices in a purchasing department. This is the team that will pay your fee and, ultimately, keep your business running. So making it as easy as you can for clients to pay is a crucial part of your credit control process. The easier you make it to pay, the less work you'll need to do further down the line to chase for that payment.

Understand your client and their purchasing team

There are many different pieces of information you need to include on your invoice to get it paid. It could be purchase order numbers, project numbers, or the name of the person who authorised it. So, before you send in your invoice, make sure you understand your client and what they need from you.

- Know their accounts payable team – get to know the person who actually pays your invoice. A good relationship with them will get your invoice to the top of the pile.
- Know their payment terms – make sure you understand your client's payment terms. Will they pay you on receipt of the invoice? Or will it be a 30, 60 or even 90-day wait before you get your money?
- Know when they do a payment run – does your client pay on one specific day of the month? Or do they make ad-hoc payments throughout the month?
- Find the right person to address the invoice to – who has to authorise your invoice? If it needs a manager to sign it off, send it directly to them to speed up the process.
- Find out what info they need from you – many companies need a purchase order number before they can pay anything. Make sure you know what information should be on your invoice to sidestep any delays.
- Chase up the right person – make sure you know who to chase for payment. Is it the buyer? Or is it the accounts team? Getting this right will pay dividends.

Be diplomatic when chasing payment

Polite Persistence Pays: that's the three Ps for chasing up payment. It's perfectly acceptable to phone people to check they've received your invoice and to ask when to expect payment. And it's

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You don't need to be rude or demanding. Just call and ask if there's a problem. And always finish the call with an action that you can put in your diary to follow up.

Remember, the squeaky wheel gets the oil:
- Be polite
- But be persistent
- Don't damage your relationship with the client
- But be clear that you need to be paid

Tech is your friend

Having your invoicing, payment options and debtor management online can really improve the efficiency of your credit control. Users of cloud-based software, like Xero, report a 26-day decrease in the number of days it takes to get paid. And that's because Xero streamlines the whole process and gives you the up-to-date information you need to chase those debts.

If managing those debts is taking up too much of your creative time, you can use software like Debtor Daddy to do it for you. This will send a series of email reminders out to your client reminding them that you're expecting their payment – so you don't need to do anything.

Make it easy and improve your cash flow

So, the real key to improving your credit control is to make the process of payment easy, quick and straightforward.

- Understand the information your client needs to pay you.
- Build a relationship with their payment team.
- Do your invoicing online and reap the benefits of instant invoicing and payment.
- If you don't get paid on time, apply the four Ps – Polite Persistence Pays.
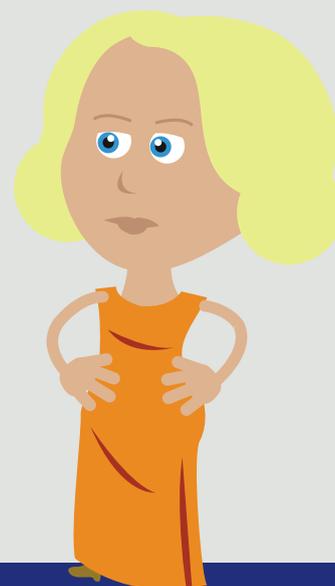
You're ready to start improving your business

So, here we are. It's Monday again and you've been through a whole week of reviewing, analysing and rethinking how your creative business works – and the simple ways you can improve that performance one day at a time.

Let's take a quick look at our week to summarise those points again:

1 **Xero as the foundation of your business** – move to a cloud accounting solution, like Xero, to get a mobile, flexible way to instantly see your numbers and manage your finances.

2 **Systemise part of your business** – take one part of your creative business and work it into a system or process that can be replicated and scaled as you grow.

3 **Budgeting is about making profit!** – write a budget for the business and spend some time looking at the costs you're incurring and how you can cut them.

4 **Get some customer feedback** – ask your customers what they think of you and your service. And take action to resolve any issues and improve their customer experience.

5 **Agree your mission: write a good proposal** – for every project, write a proposal that outlines the remit and scope of the work; and what it's going to cost the client.

6 **The four ways to improve your profit** – work out the best way to improve your profits and choose the option that's the quickest, most effective win.

7 **Improve your credit control and get paid** – move your invoicing and credit control online and build a great relationship with your client's accounts people.

Use this as your checklist and tick off each area as you go along. Take it one step at a time and work your way systematically through the process.

Now you're ready to start improving your business with these easy-to-implement tips. And you're in a much better place to start thinking about the long-term future of your creative company.

Chat with us online

Get in touch

At Jonathan Ford, we specialise in helping creative companies get more from their business. With expertise in the agency, freelance, media, design, publishing and TV production industries, we understand the specific challenges of making profit as a creative.

If you'd like to find out more about how Jonathan Ford can help your creative business, you can get in touch here.

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